



STRATEGY STATEMENT

This Strategy Statement for Zambia was assembled by USAID/Zambia. This is a USAID planning document and does not contain budget information approved by the U.S. Government. Any budget information contained herein is for illustrative purposes only.

Additional information on the attached can be obtained from Katie Donohoe in USAID/AFR/SA.

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USAID/Zambia Strategy Statement

USAID/Zambia's strategy builds on the extensive assessments, analyses and consultations undertaken in preparing the Country Strategic Plan (CSP) 2004-2010. The objectives outlined in this statement largely correspond with those presented in the CSP, with three modifications. The Economic Growth objective is revised to better reflect USAID's efforts to address broader trade and finance issues. The additional Special Objective (SpO) captures the Millennium Challenge Account Threshold Program. Thirdly, USAID/Zambia plans to conduct a thorough review of its Democracy Governance programs. The strategy not only responds to the Policy Framework on Bilateral Foreign Aid and the Strategic Plan for Africa, but also continues to be fully consistent with the objectives of Zambia's development priorities as reconfirmed in its new five-year plan.

A. Program Rationale

Country Context: Since independence in 1964, Zambia has struggled to stay on a steady, broad-based path of economic, political and social development. As defined by the Policy Framework on Bilateral Foreign Aid, Zambia faces daunting challenges as a transformational development country. Some 78% of its people live below the poverty line with little access to basic health and education services. The HIV/AIDS pandemic takes its toll on all aspects of Zambia's social, political and economic structures. Economic growth has lagged behind population growth and basic needs.

Zambia's key political issues are constitutional reform (including electoral reform), combating corruption (grand and petty), and decentralization. Many Zambians perceive the present constitution to be a constraint, in particular in its broad authorities vested in a Presidency with few "checks and balances". Civil society is likely to make this a major issue during the 2006 election campaign. Parliament struggles to assert itself following decades of subjugation to the executive branch. A poorly funded judiciary seeks to strengthen the independence and efficiency of the legal system. Weak accountability and financial integrity in public office and the civil service in general exacerbates corruption. The lack of effective and inclusive local governance impedes Zambia's democratization and broad-based economic growth.

Zambia's narrow economic base constrains its development. Historically, the economy depended on copper exports, concentrated ownership of assets, limited foreign and domestic investment, with widespread corruption. Zambia's key macroeconomic challenges include sustaining economic growth; reducing inflation and interest rates; stabilizing the exchange rate; improving the weak balance of payments position; reducing the budget deficit; and addressing the debt burden. Constraints in its key agricultural sector include high transport costs; weak market infrastructure; uneven production and inconsistent quality; lack of market access information, inputs and credit; and cyclical drought. As Zambia's long-term growth is tied to an export-led strategy, addressing these key constraints is fundamental. Some regions of Zambia are prone to food shortages due to a preference for water-intensive maize, monoculture cropping, and the abandonment of drought resistant millet.

A Foreign Assistance Act (FAA) 118-119 assessment for USAID/Zambia was conducted in November 2005. The assessment revealed that Zambia has taken huge strides in the past decade in the establishment of an effective and comprehensive environmental management system. Extensive policies are in place, and clear steps are being taken toward implementation. The Government of Zambia's progress is underscored in its ambitious undertaking of the National Biodiversity Strategy and Action Plan (NBSAP) which was published in November 1999. The Environmental Annex which contains the FAA 118-119 is attached to this Strategy Statement.

Within the education sector, HIV/AIDS has created an acute shortage of teachers, resulting in the progressive deterioration of pupil/teacher ratios and persistent classroom overcrowding. The narrow gender gap at the time of Grade 1 admissions widens in favor of boys in the upper primary grades.

A host of global health issues led by HIV/AIDS, TB and malaria hinder Zambia's development. HIV/AIDS is destroying families, institutions, and the country's ability to achieve sustainable development.

Challenges associated with HIV/AIDS include: 1) loss of economically active adults in their prime earning years, including the loss of well-trained people encumbering top positions; 2) increased number of orphans – some 1.1 million; and 3) increased costs of treating the ill and the dying, further straining the GRZ's health system and draining any family savings. The health of the population continues to present challenges for all USAID/Zambia activities. Malaria represents the second greatest challenge to Zambia's health after HIV/AIDS. The incidence of malaria has tripled in the last 20 years and is the leading cause of death for children under age 5. Other concerns include high rates of maternal and infant mortality and falling rates for fully immunized children.

Malnutrition is a special concern in Zambia. Chronic under-five malnutrition leads to a stunting rate of almost 50%. Stunting has permanent adverse effects on physical and mental development. Recently, it has been recognized that undiagnosed HIV/AIDS contributes to severe malnutrition in infants and children. There is a general lack of screening, referral, and treatment options for adult and child malnutrition. Widespread food insecurity often results from recurrent droughts and related crop failures, affecting vulnerable women and children most severely. However, this has not culminated in significant increases in malnutrition related deaths or famine in recent years. HIV/AIDS certainly is a major contributing factor to endemic malnutrition and exacerbates an already existing problem. However, the lack of agricultural and rural development through extension, technical transfer, marketing, infrastructure, education, and health care provide a more comprehensive explanation of why communities are food insecure and often malnourished.

Despite the overwhelming challenges, there are some promising signs. A variety of positive factors have converged to promote a more robust economy. Specifically, the mining industry is enjoying the benefits of high copper prices. Small businesses and the agri-business sectors are showing continuing signs of development and expansion. Successful privatization has paved the way for much of this recent improvement. During 2005, Zambia secured debt forgiveness under Highly Indebted Poor Country criteria by pursuing ambitious monetary and fiscal policies that have reduced government debt levels and stabilized inflation to below 20%. These factors all bode well for the future of Zambia. All of these factors have led to a recent and precipitous climb in the value of the Kwacha. Such appreciation over the long run may significantly adversely affect the competitiveness of the Zambian economy. This calls for careful monetary management by the GRZ.

The U.S. is well-positioned to support Zambia's aspirations to tackle the significant development that it faces. USAID/Zambia has designed a program with five strategic objectives (SOs) and one Special Objective (SpO) that will address these challenges and support U.S. strategic and foreign policy priorities and interests, as outlined in the State-USAID Joint Strategic Plan, the White Paper, and the Strategic Plan for Africa. The strategy is well-integrated with mutually reinforcing components. Activities funded by the President's Emergency Plan for AIDS Relief (Emergency Plan), for example, are found in each SO, leveraging all resources to address the top priority of the U.S. Mission. Using a variety of effective and creative delivery mechanisms, USAID's assistance to this transformational development (TD) country promises to produce significant results.

Global Issues, Special Concerns, and Humanitarian Relief: USAID programs support activities to improve access to and quality of basic education; increase the environmental and economic benefits of increased agricultural productivity and community-based natural resource management; improve the health status of the population; and strengthen civil society and institutions of governance. Through these programs, USAID extends the aims of transformational development to address one Agency-wide global issue – HIV/AIDS. Programs addressing this issue complement transformational development while operating under its own justification and performance criteria. Targeted humanitarian relief continues, but with increased linkages to development activities that will move those in need from relief to productivity.

Presidential and USAID Initiatives: USAID/Zambia strategy has integrated the following initiatives into its strategy: The President's Emergency Plan for AIDS Relief (PEPFAR), the Women's Justice and Empowerment Initiative, Displaced Children and Orphan Fund, the Africa Education Initiative for Orphans and Vulnerable Children (AEI), Initiative to End Hunger in Africa (IEHA), the African Global

Competitiveness Initiative, the African Mortgage Initiative, the President's Malaria Initiative and the USAID Anti-Corruption Initiative (ACI).

Relevance to African Regional or National Development Plans: Two GRZ planning documents confirm that USAID's strategy is directly relevant to Zambia's priorities. The GRZ's top three budget priorities in 2005 were 1) fighting corruption, 2) promoting economic growth (focusing on agriculture, tourism and small-scale mining), and 3) combating HIV/AIDS. A new five-year National Development Plan (NDP) will be finalized in February 2006. Through 17 "strategic advisory groups" (SAGs) composed of GRZ and donor representatives, USAID has participated in commenting on drafts of the technical sections of the NDP, reconfirming USAID's central contribution.

Counter-terrorism: Zambia represents an island of calm and relative political stability in southern Africa. Despite HIV/AIDS and chronic poverty, the Zambian people assert a spirit of peace and harmony admired by its neighbors. The United States must continue to support the development initiatives in Zambia to mitigate any possible negative impact of events in neighboring states and to promote an improved state of well-being among Zambians.

Implications of Extractive Industries: The GRZ does not control the revenue from its principal extractive industry, the copper mines, which were privatized in CY2000. Overall, mining and quarrying continue to account for about 5% of real GDP, 80% of merchandise exports, and about 38,500 jobs, or about 11% of total employment between 2002 and 2005. In 2005, total merchandise exports were \$1,242 million, of which copper accounted for \$772 million, and cobalt, \$100 million. The completion of the privatization process of Zambian Consolidated Copper Mines (ZCCM) assets has led to increased private capital inflows. Private capital inflows, especially Foreign Direct Investment (FDI), have increased as a result of mining operations.

Potential MCA Effects on Programming and Commensurate Program Adjustments and Coordination: The strategy includes a Special Objective (SpO) for the MCA Threshold Program, expected to begin in the first half of calendar year 2006. The Mission plans to make adjustments to the Democracy and Governance and the Economic Growth SOs to accommodate the evolving MCA program in future operational plans. The MCA program is addressed below.

B. Program Structure

USAID/Zambia's program supports both transformational goals of the Strategic Framework for Africa:

- TD #1 - Fostering a healthier, better educated, and more productive population; and
- TD #2 - Increasing the effectiveness of African institutions in promoting a vibrant private sector and democratic governance.

Programs over the next three to five years (FY 2006 through FY 2010) are expected to achieve these goals in Zambia and move the country along the development continuum towards improved standards of living, quality of life, and participatory governance. The USAID/Zambia program supports activities to improve basic education; increase the benefits of agricultural growth and community-based natural resource management; expand health services and curb the spread and impact of HIV/AIDS; and strengthen democracy and governance. Although the urgency and level of resources presently devoted to the Emergency Plan have skewed the assistance portfolio toward mitigating the ravages of HIV/AIDS, Zambia's other SOs remain focused on economic growth, education, encouraging democratic principles and better governance, and non-HIV/AIDS related health concerns. The strategy is a holistic approach in collaboration with the GRZ and other donors to develop a healthy, prosperous, and democratic Zambia.

1. Increased Competitiveness of the Private Sector

[Year of initial obligation October 1, 2003, estimated year of final obligation September 30, 2010]

TD Goal #1 - More productive population

TD Goal #2 - Increasing the effectiveness of African institutions in promoting a vibrant private sector

Contributions to the Transitional Development Goals 1 and 2 are directly achieved through the implementation of activities under six of USAID's program components: Improved Policy and Business Environment; Improved Private Sector Competitiveness; Increased Agricultural Sector Productivity; Sustainable Management of Natural Resources and Biodiversity Conservation; Increase Trade and Investment; and Strengthen Financial Sector and Increased Access to Capital.

Increased private sector competitiveness significantly reduces poverty and malnutrition by specifically – 1) focusing investments on increased access to export markets 2) increasing productivity through the adoption of improved production and value-addition technologies 3) expanding a more responsive financial and business development services sector 4) strengthening the Zambian public and private sector institutions and 5) adopting more business-friendly policies. The targeted results include raising the value of total exports annually from \$405 million in 2004 to \$600 million by 2010 and raising the value of food and non-food agricultural products of the groups it supports from \$7.1 million in 2004 to \$15 million by 2010.

The Initiative to End Hunger in Africa (IEHA) strongly supports the Zambia Economic Growth Strategy through its goals and the three IEHA Intermediate results. The inclusion of IEHA resources strengthens the Mission's ability to focus on staple crops, the policies that govern their production and marketing, and the impact they can have on household income and food security. Linkages to regional markets and technology dissemination are also enhanced through IEHA support. The Zambian Government's MCA Threshold proposal (under review in January, 2006) buttresses the combined IEHA/Zambia Mission Strategy. The Threshold program places special emphasis on reducing administrative corruption, streamlining the business registration and licensing process, and reducing the time and costs associated with the movement of goods across Zambian borders.

The Mission is establishing partnerships that address the immediate and medium-term needs of vulnerable populations. This will directly support on-going efforts to reduce poverty and hunger through increased competitiveness and expanded exports. Economic Growth partners coordinate closely with the Food For Peace (FFP) C-SAFE consortium to provide market opportunities for C-SAFE's food aid clients. Economic Growth partners are working with OFDA and FFP implementers on a pilot program that promotes more rapid adoption of improved technologies, more effective use of water resources, and the production and marketing of dairy products. All such collaborative efforts are designed to "graduate" people from perpetual vulnerability to stand-alone, economic viability.

2. Improved Quality of Basic Education for More School-Aged Children, Phase II

[Year of initial obligation October 1, 2003, estimated year of final obligation September 30, 2010]

TD Goal #1 - A Better Educated Population

This strategic objective directly supports Framework Operational Goal 1 and its education objectives to (1) promote equitable access to quality basic education and (2) improve access to productivity and increasing job skills. It is associated with three USAID program components: Achieve equitable access to quality basic education; Reduce transmission and impact of HIV/AIDS; and Strengthen civil society.

The education SO is based on the development hypothesis that improved quality of education in Zambia can be achieved through a combination of five interventions: (1) establishment of cost-effective basic education delivery systems; (2) formation of a decentralized structure that allows decisions to be made at the school and the community levels; (3) improved information and capacity to use information by planners and managers; (4) upgraded capacity of education personnel at all levels to implement reforms; and (5) mitigation of HIV/AIDS so that education quality is not undermined. The education SO supports the Ministry of Education's (MOE) goal of providing equitable access to quality education by expanding already successful programs, promoting the MOE's decentralization initiative, capacity building, and non-program assistance. This SO has complementary programs such as junior and high school scholarships for orphaned and vulnerable children (OVC) and enhanced HIV/AIDS interventions. The SO includes activities that focus on promoting policy reform, continuous student assessments, and teacher training.

A Sector Program Assistance (SPA) program with the MOE serves to strengthen the largest public employer's processes and policies. USAID contributions to the SPA ensure that the USG is accepted by other donors and the MOE as an active participant in the harmonization process as described further on.

USAID/Zambia's support for education will result in: enhanced capacity for improved, gender-sensitive, quality basic education; more orphans and vulnerable children in school; an HIV/AIDS prevention program reaching all students and teachers; better-trained primary school teachers; stronger role of communities in management of education and higher levels of learning achievement. The education SO planned results include: increasing number of children enrolled in basic education, improving literacy and arithmetic learning achievement scores, and improving the progression rate of students from Grade 6 to Grade 7 in USAID-supported schools.

3. Improved Health Status of Zambians

[Year of initial obligation October 1, 2003, estimated year of final obligation September 30, 2010]

TD Goal #1 - Healthier Population

This strategic objective ensures continued and increasing impact on improving health status while addressing issues of sustainability, directly supporting Framework Goals 1 and 2 and the following health objectives: (1) reduce transmission and impact of HIV/AIDS, (2) prevent and control infectious diseases of major importance (TB and malaria), (3) reduce child mortality, (4) reduce maternal and newborn mortality, and (5) improve reproductive health. The SO is associated with the following USAID program components: Reduce transmission and impact of HIV/AIDS; Prevent and control infectious diseases of major importance; Improve child survival, health and nutrition; Improve maternal health and nutrition; and, Support family planning.

The health SO is based on the development hypothesis that the necessary conditions for improved health are created as: 1) communities, families and individuals more effectively address factors compromising their health and environment; 2) appropriate public health interventions are deployed at scale to address key threats to health and 3) health services are strengthened to improve access and quality. The health SO supports the GRZ in meeting the most important factors affecting the health of Zambians: high levels of HIV/AIDS infections; a growing number of orphans and vulnerable children as a result of HIV/AIDS; high infant and maternal mortality rates; malaria, tuberculosis, malnutrition and anemia. The health SO provides support to communities, families and promotes responsible individual action, while strengthening services and scaling up key public health interventions. SO activities concentrate on five areas: (1) malaria prevention and treatment, (2) reproductive health, (3) child health, (4) maternal health, and (5) health systems strengthening. A Sector Program Assistance agreement with the Ministry of Health serves as an investment in a stronger institution.

The need to improve nutrition is a cross-cutting concern. At present, legislative limitations on PEPFAR and FFP resources do not allow the Mission to address the root causes of child and adult malnutrition. Additional infusion of higher levels of Child Survival funds, and/or the flexibility to use PEPFAR funds to improve nutrition of children affected by AIDS would enable the Mission to address chronic malnutrition in under fives and improve maternal nutrition as a component of both maternal and infant/child mortality.

USAID/Zambia will continue significant expansion of HIV/AIDS prevention, care and treatment activities with resources from the President's Emergency Plan. The Health SO planned results include: reducing HIV prevalence among 15-24 year olds, reducing infant mortality, and reducing the total fertility rate.

4. Government Is Held More Accountable

[Year of initial obligation October 1, 2003, estimated year of final obligation September 30, 2010]

TD Goal #2 - Democratic Governance

This strategic objective directly supports Framework Operational Goal 2. Democracy and governance objectives include: (1) reduce corruption and strengthen the anti-corruption environment, (2) increase civil society's effectiveness in advancing reforms, (3) strengthen the institutions of democratic governance,

and (4) support free and fair political processes. It is associated with three USAID program components: Strengthen civil society; Strengthen the legislative function/legal framework; and, Promote and support anti-corruption reforms.

Promoting open democracy and good governance remains a substantive challenge in Zambia. The democracy and governance (DG) SO targets government accountability by focusing on three distinct areas: 1) reduction of public sector corruption by closing legal, procedural, and system loopholes that allow abuse of office; 2) strengthening civil society organizations to become effective watchdogs to monitor and demand accountability and transparency from government institutions; and 3) capacity building of Parliament as an essential oversight central government institution.

The DG SO also supports legal cases against individuals accused of grand corruption. Recognizing that strictly private or business-to-business transactions may also be subject to unfair or fraudulent practices, the proposed MCA threshold assistance for Zambia is expected to reduce administrative barriers to trade and investment and reinforce the legislative initiatives of the DG SO, which will create a more level “playing field” for investors.

The DG SO will undergo a full review of its current activities and may adjust them to meet pressing democracy and governance demands. This review will complement the MCA program and facilitate the entry of economic growth SO into governance activities. Planned results under this SO include: increased levels of public confidence in government institutions, strengthened Parliament as an essential branch of government, and improved public sector efficiency through the reduction of corruption.

5. Reduced HIV/AIDS Transmission and Impact through Multi-sectoral Response

[Year of initial obligation October 1, 2003, estimated year of final obligation September 30, 2010]

TD Goal #1- Healthier Population

This strategic objective ensures continued and increasing impact on improving health status while addressing issues of sustainability, directly supporting Framework Operational Goals 1 and 2 and the following health objectives: (1) reduce transmission and impact of HIV/AIDS, and (2) prevent and control infectious diseases of major importance (TB). A combined USG HIV/AIDS strategy is the basis for this SO, which is fully funded by the President's Emergency Plan. See the US Embassy 5-Year Strategy for Zambia at http://zambia.usembassy.gov/zambia/presidents_emergency_plan_for_aids_relief.html.

The national adult HIV prevalence rate is 16%. The vast majority of people living with HIV/AIDS (PLWHAs) in Zambia are between the ages of 15 and 49, representing the country's core work force. There is decreased productivity of the labor force at all levels – macro, sector and household, setting back decades of economic gain and social progress. This SO provides support to the GRZ's HIV/AIDS program as Zambia increasingly adopts a multi-sector approach to combat a generalized epidemic. USAID seeks to ensure that HIV/AIDS is addressed in an intense, integrated, and coordinated manner within and across all of USAID/Zambia's SOs, while interfacing with other stakeholders to broadly reduce the impact of HIV/AIDS on development efforts. USAID continues to collaborate closely with the U.S. Mission Emergency Plan coordinating committee, the GRZ and other development partners in ensuring effective HIV/AIDS capacity building and evidence-based interventions.

USAID supports the rapid scale up of HIV/AIDS prevention, care and treatment activities with resources from the Emergency Plan through faith-based and non-governmental organizations, and innovative HIV/AIDS workplace programs. USAID works with local organizations to design and implement targeted behavior change campaigns and activities that promote the “ABCs” (Abstinence, Be faithful, and Condoms) of prevention and to provide appropriate prevention services for the most at risk populations. USAID supports the expansion of HIV counseling and testing through mobile services and static clinics and life extending care for people living with HIV/AIDS (PLWHA) within the home, in hospices, and at clinical facilities. Volunteer community caregivers are trained and provided with basic supplies and equipment to serve those chronically ill with AIDS. For orphans and vulnerable children (OVC), USAID provides assistance to local organizations and builds capacity in the provision of medical care, psycho-social support, nutritional supplements, shelter, educational support and training of caregivers.

HIV/AIDS SO planned results include: reducing the HIV prevalence among people aged 15-24, increasing the percentage of OVCs and PLWHAs receiving care and support.

6. Promoting Sound Economic Governance by Reducing Barriers to Trade and Investment (MCA Threshold Program) – Proposed Special Objective

[Year of Initial Obligation 2006, Estimated Year of Final Obligation 2008]

TD #1 - More productive population

TD #2 - Increasing the effectiveness of African institutions in promoting a vibrant private sector

This special objective will directly support Framework Operational Goals 1 and 2 through economic growth, agriculture, and environment objectives. Zambia is poised to tackle a number of critical constraints to its anti-corruption and economic growth agenda as an MCA Threshold Country. A proposal, the result of extensive collaboration between the GRZ, USAID, civil society and Zambia's private sector, was submitted to the MCC in November 2005. If approved by the MCC, the program will address issues related to corruption, business investment, and trade facilitation. These activities fit well within the current strategic framework for USAID/Zambia and promise to leverage significant development results. The Mission intends to form a MCA Special Objective Team comprised of existing staff members and will recruit two additional staff for program management and monitoring. USAID/Zambia will administer the approximately \$27.0 million over 24 months. This assistance will enable the GRZ and people of Zambia to achieve recognized success as a transformational development country deserving of "Compact" status by the MCC.

This proposed Special Objective and the present five SOs will have direct and immediate impact on Zambia's march toward self-sufficiency and long-term, broad-based economic, political, and social development. They will contribute forcefully to the goals and objectives of the Strategic Framework for Africa, these programs will allow Zambia to progress along the transformational development continuum toward poverty reduction, more democratic governance, and sustainable growth. By achieving these goals, Zambia will reduce its dependency on foreign aid, a central goal for the Strategic Framework.

Risks of backsliding applicable to all six SOs: Factors that raise the risk of backsliding, including negative influences in adjoining countries, are if: (1) the GRZ abandons its commitment to stop interfering with private sector market activities; (2) macroeconomic indicators worsen; (3) the GRZ does not sustain its commitment to fight corruption; (4) the HIV/AIDS epidemic escalates; (5) the GRZ abandons its commitment to education reforms; (6) cooperating partners do not sustain their support to both the education and health sectors; (7) Zambia becomes politically and/or economically unstable, (8) the GRZ abandons its commitment to addressing the HIV/AIDS crisis; (9) the GRZ wavers on its commitment to constitutional rebalancing of power; (10) Government resources are used to support partisan politics in run-up to the 2006 Presidential elections; (11) the GRZ accepts the notion that reductions in petty corruption will not occur as a result of the public pursuit of grand corruption; (12) the political will of civil society, in particular NGOs, becomes too weak to serve as an effective "watch dog" deterrent against corruption; and (13) regional political and economic stability increases.

Remedies to reduce the risk of backsliding applicable to all six SOs: The U.S. must leverage its considerable economic and political influence if any sign of backsliding occurs. The promise of MCA Compact status stands as a significant goal for maintaining reform momentum. Finally, the donor community represents a powerful lobby when critical development issues face the nation.

Provision of Humanitarian Relief: During CY 2005, the southern half of Zambia suffered a drought, which severely damaged many crops in the region, resulting in increased food insecurity. The USG responded to a request from the GRZ for assistance with an immediate grant of \$50,000 and expectation of near-term funding of up to \$875,000, for therapeutic feeding, rebuilding of productive assets in affected communities, and taking measures which will mitigate risks in the future. USAID/Zambia worked with the Office of Foreign Disaster Assistance (OFDA) and partners to develop a program to not only resolve the immediate crises, but also to establish better market linkages to promote sustainable means to ensure household food security in affected areas. This continuum of relief to development efforts is new for

Zambia and being well-received. In addition to seeking OFDA funding, USAID Zambia collaborates closely with the C-SAFE program, a FFP-funded consortium (CARE, World Vision, and CRS). The C-SAFE program consists of 25,000 metric tons of food aid and \$10.0 million of cash funding in FY 2006. It supports "Food for Assets" work activities that promote conservation farming among vulnerable households. C-SAFE supplies rations to people living with HIV/AIDS and OVCs. The USG is also the largest donor to the Zambia World Food Program relief efforts.

C. Cross-Cutting Themes:

Gender: USAID/Zambia addresses gender from two perspectives: 1) women and girls are often socially, politically, and economically disadvantaged in Zambia and 2) development programs impact both males and females differently. Gender programming in the USAID/Zambia strategy is designed to reduce inequalities for women and girls and improve program impact on males and females in the areas of education, health, HIV/AIDS, economic growth, and governance. A scholarship program has been developed to encourage more girls to complete school within the education SO. Malaria prevention interventions have been developed to improve maternal and child health in the health sector. The HIV/AIDS program addresses the underlying gender related causes of HIV transmission, including gender-based violence, and is shifting the focus of prevention services and behavior change interventions from high risk women only to include the most at risk male populations. The economic growth program is working with women's groups to improve the adoption of new honey producing technologies. The USAID/Zambia interventions are being developed to contribute to the New Economic Partnership for African Development (NEPAD) and the attainment of the United Nations' Millennium Development Goals on gender.

Zambia suffers from a high rate of gender-based violence and domestic violence. Protection, prosecution, and treatment systems to support women and children who have been victimized are weak to absent. Compounding the problem are traditional belief systems that validate domestic violence and inheritance grabbing. Women who do seek justice are often alienated from society. The Women's Justice and Empowerment Initiative seeks to redress these formal and informal impediments to justice by helping police better investigate cases of domestic violence and child abuse, promoting traditional leaders' efforts to change behavior, and expanding the protection and treatment networks for victims

HIV/AIDS: Zambia is experiencing the health, economic, and social impact of a mature, generalized epidemic as noted in the Five-Year Strategy for Zambia approved December 2004. Emergency Plan funding has enabled all USG agencies in Zambia to develop a comprehensive set of interventions. Logically, this strategy favors the integration of efforts to combat HIV/AIDS in all SOs. USAID/Zambia is working on 75 separate Emergency Plan activities of which 33 directly complement or are part of activities in economic growth, education, democracy and governance, and other health related interventions.

Governance: Governance issues are tackled jointly by the private sector development and accountable government SOs. Activities in these SOs will be significantly leveraged by the proposed Special Objective to administer the MCA threshold program. The private sector SO will address governance issues related to the legal and regulatory framework for private sector enhancement, including institutional development of key regulatory bodies. The government accountability interventions will focus on parliamentary reform, anti-corruption, and civil society strengthening, and accountability. All of the activities directly support and enhance private sector reform and economic growth and the creation of advocacy groups that should improve basic education and health systems through strengthening civil society. If approved, the proposal for MCA Threshold Country funding will provide substantial resources and incentives. These funds will be programmed to make significant progress toward better governance and a reduction of corruption at all levels of government.

Youth: The average Zambian has a life expectancy of 37 years. Some 47 percent of the population is under the age of 15. These staggering statistics mean that most of USAID/Zambia's programs, regardless of the SO, primarily impact young people. Currently, USAID/Zambia's HIV/AIDS program focuses on rehabilitating young people left to fend for themselves on Lusaka's streets. Rehabilitation of street children and young sex workers plays a critical role in stemming the spread of HIV/AIDS and other

sexually transmitted infections. The Mission plans to expand its entrepreneurship and business development services to focus specifically on young people in schools and communities. The program will provide practical knowledge to help young people take incremental but critical positive steps towards self-reliance and leverage private sector sources of funding to expand programmatic impact.

Urbanization: Despite being the most urbanized population in southern Africa, Zambians tolerate living with little to no utilities. Zambia faces a serious dearth of affordable shelter and lack of municipal services. Poorly constructed “temporary” housing litters many streets of Lusaka and other cities. The lack of long-term financial instruments and the failure of municipal authorities to respond to public demands are at the crux of the shelter crunch. Working with the Development Credit Authority (DCA) and USAID/Pretoria’s Local Government Services office, USAID is helping to introduce the first 15-year mortgages in Zambia, which will begin to address the financial impediment. Introducing other innovative solutions to the policy, institutional and infrastructural issues will be an important element of this strategy.

D. Regional Aspects:

USAID/Zambia works with RCSA/REDSO on a variety of regional Trade Hub activities. REDSO’s Regional Agricultural Trade Expansion Support (RATES) Program continues to complement the SO’s activities from a regional perspective, focusing on maize, coffee, cotton and livestock. REDSO also helps to strengthen the capacities of COMESA (the Common Market for East and Southern Africa) Secretariat through technical assistance and through AGOA (the African Growth and Opportunity Act) Linkages Program. RCSA’s Competitiveness Hub works with our implementing partners on issues in horticulture, sanitary and phyto-sanitary certifications, market access, transport, and natural product market penetration. Other regional and USAID/W collaborative activities include: ASNAPP: (Agribusiness in Sustainable Natural African Plant Products); Global Village Energy Program, AID/W – AID/W Energy Office in partnership with the GDA secretariat; Famine Early Warning Systems (FEWS); Food for Peace, Land O’ Lakes DAP; Farmer-to-Farmer, Land O’ Lakes; the Initiative to End Hunger in Africa (IEHA) Strategic Analytical Knowledge Support System (SAKSS); Lilayi Housing DCA; and micro-enterprise activities with AID/W Micro-enterprise Office.

E. Indigenous Expertise, Donor Coordination, and Public-Private Partnerships:

USAID/Zambia has a tradition of developing and using indigenous expertise. A recent survey of USAID/Zambia contractors and grantees found that 95 percent of their staff is Zambian. Although building the capacities of Zambian organizations is management intensive, the increased investment in time and effort pays dividends in terms of true sustainable capacities and long-term economic growth. USAID and its Zambian partners can boast some notable successes: the Zambia Business Forum (ZBF) is recognized as the respected voice of the private sector in Zambia; the Zambia Agri-business Technical Assistance Center Ltd. is attracting growing attention as the lead business development service provider in Zambia; the ZATAC Investment Fund (ZIF) promotes export opportunities for agriculture and now attracts short- to medium-term loan capital from other parties; the Zambia Agricultural Commodity Agency (ZACA) has established a warehouse certification and warehouse receipts system that, with the participation of local financial institutions, and growing recognition by the GRZ, is stimulating lending with warehoused agricultural commodities serving as collateral, and the Agricultural Consultative Forum (ACF), a former Ministry of Agriculture and Cooperatives organ, is now a private-sector think tank that serves as a respected intermediary that brings together public and private sectors to discuss critical policy and regulatory issues. These organizations were all created through USAID/Zambia initiatives.

The challenges, however, should not be underestimated. A local organization was identified in FY 2005 as having the potential to receive direct funding from USAID because it successfully implemented USAID programs as a sub-grantee with a USAID prime partner. Unfortunately, the pre-award assessment determined that it did not qualify for prime partner status due to insufficient financial and reporting systems as required to work directly with USAID. As a result, USAID and the prime partner are now helping the local organization develop new systems that will meet requisite standards for obtaining direct grants from the USG. USAID/Zambia is working with prime partners to ensure their sub-partners are provided with technical support which will enable them to become prime partners with USAID. A near-

term goal is to strengthen five local organizations to become eligible as prime partners to USAID by 2008 principally with Emergency Plan funding.

Donor harmonization is extremely advanced in Zambia, with extensive donor collaboration in reducing transaction costs for the GRZ. This has led to a strong preference by the GRZ and many donors for direct budget support or “basket funding.” While USAID has two sector level assistance programs, USAID does not believe that direct budget support should be the sole tool of assistance. Concerted effort and time must be spent developing collegial relations with all donors and the GRZ to ensure that USG projects complement the National Development Plan and the GRZ’s Joint Assistance Strategy for Zambia. These two documents are central to GRZ, donor, and USAID collaboration and coordination.

During FY 2005, two Global Development Alliances were developed between the largest elements of the Zambian economy (mining and agriculture) and Emergency Plan-funded USAID activities to promote voluntary HIV/AIDS testing and counseling for company employees and local communities. Technical assistance and a Development Credit Authority guarantee have been a catalyst for bringing the GRZ and local business together to develop a large tract of land near Lusaka for low- to medium-cost housing that will offer attractive mortgages for Zambians for the first time. This exciting initiative will demonstrate economic, job-creation, and improved housing benefits that may be replicated elsewhere in Zambia. Numerous public private partnership opportunities are being explored through the Friends of Zambia and some individual U.S. companies.

Annex One

ENVIRONMENTAL ANNEX

Zambia Country Strategic Plan FY 2006-FY2008

FAA 118-119 ANALYSIS FOR USAID/ZAMBIA NEW STRATEGY

SUMMARY

This report was produced by USAID/Zambia in collaboration with the Regional Center for Southern Africa's (RCSA) Regional Environmental Advisor as part of the mandatory Tropical Forestry and Biodiversity Conservation analyses under the new USAID Strategy Framework.

This assessment has revealed that Zambia has taken huge strides in the past decade in the establishment of an effective and comprehensive environmental management system. Extensive policies are in place, and clear steps are being taken toward implementation. The Government of Zambia's progress is underscored in its ambitious undertaking of the National Biodiversity Strategy and Action Plan (NBSAP) which was published in November 1999. Final recommendations are still being vetted throughout the Government. Several of the documents that are part of the NBSAP were key resources for this report. In particular, the NBSAP itself, in addition to the Zambia Forestry Action Plan (ZFAP)-3 volumes, the State of Environment in Zambia, 2000, the National Environmental Action Plan, 1994, among others.

Overall Challenges for Conservation Efforts in Zambia

Despite the great steps taken by the Government of the Republic of Zambia (GRZ) to address issues related to biodiversity conservation, forestry and the environment in general, major challenges lie ahead both within the governmental system and in society at large. Zambia lacked a clear and consistent environmental management policy until the mid 1980s. Accordingly, environmental concerns were not a major input in the social and economic development processes of the country. In addition to the absence of a consolidated 'environmental policy', there has been a myriad of various pieces of legislation dealing with different aspects of the environment; some dating as far back as the pre-independence era and others have not been reviewed. These pieces of legislation were scattered in different Acts relating to many activities such as use of water, wildlife, land, mining and others. These have been noted to be rudimentary, sectoral, scattered and at times contradictory to each other.

The ZFAP was set in place in response to the 1985 summit on Environmental degradation recommendation that National Forestry Action Plans should be developed to address the problems of deforestation and to enhance the contribution of forestry sector to national social economic development. However, the objectives as outlined in the Zambia Forestry Action Plan appear far from being achieved owing to a chronic shortage of information on the dynamics, content, context and extent of the country's ecological profile.

According to the GRZ in its State of Environment, 2000, Biodiversity issues, especially in lower plants have not received yet as much attention as in higher plants mainly because knowledge of lower plants is sparse and sometimes completely non-existent.

Moreover, the capacity of the GRZ to implement government legislation is a cause for concern at all spheres of government, particularly at the provincial, and district levels. This is exacerbated by a shortage of qualified scientists in Zambia.

It is also essential that the GRZ develops a mechanism to inform the population about the economic value of biodiversity. Valuing biological resources so that it can be taken into account in development decisions is currently a tall order to the Government of Zambia. However, efforts to put value to natural resources have started being utilized as measure /function of national financial resources allocation.

Tropical Forests

Zambia is well endowed with forest resources. The total area of indigenous forests in the country is about 44.6 million hectares and cover about 60 percent of the total land areas out of which about 9.6 percent are gazetted forest. There are variations in the *vegetation* types found in the country, but the most extensive is the Miombo Woodlands. The natural vegetation formation has been influenced by a combination of geographical and geological factors. The Teak forests found in the south-western parts of the country are rich in commercial timber species namely *Baituidla plurijuga* and *Pterocarpus angoleusis*.

The country's vegetation is classified into four major categories. These are *Closed Forests*, *Open Forests*, *Termitaria* and *Grass Lands*.

The closed forests are limited in extent, covering only about 6% of the country. The *Cryptosepalum* evergreen forests are the most extensive and occur in the western part of the country, while the *Baikiaea* forests, found in the south west parts of the country, are the second most extensive forests characterized by the commercially valuable indigenous tree species known as *Baikiaea plurijuga*.

The open forests or woodlands known as Savannah woodlands are the dominant vegetation type in Zambia covering 66 % of the land. There are four types of these woodlands of which the most extensive being the Miombo woodlands that covers about 42% of the country characterized by the *Brachystegia*, *Julbernadia* and *Isoberlinia* species. This is followed by the Kalahari woodlands, Mopane, Munga and *Termitaria*.

Threats to Tropical Forests

The following represents the major threats, only, to loss of biodiversity and tropical forestry in Zambia. Key causal factors to these have been: inadequate capacity on law enforcement and monitoring by the agencies; lack of implement-able land use and development plans; and the lack of resources for conservation measures such as Community Based Natural Resources Management.

Forest conversion for Agriculture: The conversion of forests into agricultural land is a threat to Zambian forests in open areas and protected reserves while settlements in wetland areas have negative effects on surrounding forests to the wetlands. Likewise, transformation of rangelands and sylvo-pastoral dryland systems to croplands increase the risk of desertification due to increased pressure on the remaining rangelands or to the use of unsustainable cultivation practices. The manifestation of desertification is apparent in all categories of ecosystem services, especially food, forage, fiber, and fresh water. As a result, affected communities either increase use of other relatively marginal land (not yet degraded but having lower productivity) or transform more rangeland to cultivated lands.¹

¹ Zefar Adeel, Uriel Safriel, David Niemeyer, " Millennium Ecosystem Assessment, World resources Institute, 2005

Deforestation: Deforestation is the widespread removal and disappearance of vegetative cover as a result of clearing of trees. In Zambia, the average rate at which forests are deforested is estimated at 250,000-300,000 hectares per annum and the annual forest decrease factor is 0.5% on average. The annual decrease-factor of forests, by province, is as follows: Copperbelt and Lusaka have the highest at 20% per annum, followed by Southern (0.7%), Central (0.6%), Eastern (0.5%), Luapula (0.5%) and Northern (0.3%). The least are Western (0.2%) and North Western (0.2%). Deforestation is taking place both in forest reserves and open areas. Management efforts appear to fail to halt the situation. These figures are, however, conservative ones, as these estimates are based on the 1980s inventories and the rate of deforestation could be higher at the present moment.

Clearing forests for agricultural production is the major cause of deforestation. In Zambia, it is estimated to account for about 90% of forest clearing. Most of the agricultural activities such as large-scale agricultural clearing systems, cultivation along streams or riverbanks and the semi-shifting cultivation prevalent in Zambia have resulted in detrimental effects on the environment. It has been observed that the cut and burn semi-shifting cultivation practice in areas where population densities are high, and the destructive method of cutting trees is employed, slows down the forest regeneration process.

Fuel Wood Use: Energy resources available in Zambia include wood fuel, electricity, petroleum, coal, solar and wind. The national energy consumption in 1996 showed that 72% was fuel wood (firewood and charcoal). It is important to note that out of the total energy resources available, households consume 68.5%. Fuel wood constitutes the largest resource base. In the same year it was reported that households consumed 88% of firewood and 96% of charcoal. Charcoal is used by 85% of urban households for cooking and heating. The current trend of wood fuel consumption is projected to increase by 79% and the amount of wood that is converted to charcoal is expected to increase by 119% by the year 2016. This demand has implications on the available forest resources. Due to the high demand and high prices it fetches in urban areas, charcoal is increasingly becoming an important source of income for the peri-urban people.

Bush Fires: Setting of bush-fires is a common phenomenon in the Zambian society. Some fires are set indiscriminately. Various communities set bush-fires for a number of reasons which include: vegetation control and clearing of fire-breaks around homesteads and gardens, clearing of fields for cultivation, provision of potash, visibility improvement during hunting, as well as, gathering and pasture management.

Fire destroys the vegetative cover in the agriculture areas, which is meant to add organic matter to the land. Indiscriminate late bush fires have been observed to reduce wood annual increment by 50% in miombo woodland. However, deliberate late burning of pasturelands can indeed increase their productivity (a late season burn favors regeneration of grasses, rather than woody species). In woodland areas, 75% of trees of less than 3m high are generally susceptible to destruction and late fires destroy 84% of the herbage biomass. In tree-less areas, and in the dry season, burning may promote soil erosion by wind and by water at the on-set of the rain season before sufficient herbage cover develops. These factors reduce the potential of the woodland to regenerate.

Climate Change: Scientists predict that global climate change is likely to have effects in tropical countries including Zambia². For example, global warming and reduction of rainfall is likely to contract aquatic and dry evergreen forest ecosystems in Zambia. The Lukanga swamp in central Zambia almost dried up due to frequent droughts of the 1990s. Shallow rooting trees, such as *Parinari curatellifolia* which support epiphytic flora, e.g., orchids, are drought intolerant and die, along with their epiphytic associates, during severe droughts. Recurring droughts, especially in

² Zambia Biodiversity Strategy Action Plan, November 1999

the southern part of the country, have resulted in crop failure and starvation of livestock, which make the preservation of seeds and animal breeds quite difficult.³

Invasive Species: According to the Ministry of Environment and Natural Resources, some introduced species have become very invasive and pose serious threats to ecosystems and indigenous species. For example, weeds, such as lantana (*Lantana camara*), Kariba (*Salvinia molesta*), and water hyacinth (*Eichhornia crassipes*) have become serious weed in forest plantations in the Coppebelt area and at Victoria Falls World Heritage in Livingstone.

Biodiversity

Zambia is immensely endowed with biological diversity albeit amidst numerous and intense threats for its sustenance. The country has diverse landscape formations ranging from valleys, rivers, lakes, swamps and plateaus to escarpments and mountains. The scenic and aesthetic values these areas present offer an attraction and appreciation to masses especially visitors. The formations have given rise to habitat diversity for living things. Although definition of the Biological Diversity from the Convention on Biological Diversity (CBD) was adopted as variations in landscapes, ecosystems, species, genetic resources or any combination of these, with consideration of process and the function they have (GRZ, 1999), much of the focus has been limited to species and ecoregions to some extent.

Zambia takes centre stage in endemism in the Zambebian Region with relief between 1000 and 1500m above sea level. Zambia is not mountainous but has extensive miombo woodland plateau interrupted by dambos, swamps, rivers and large wetlands. The wildlife-protected areas in Zambia were not established for biodiversity conservation as the primary reason. This explains why there is little or no relationship with areas of high biodiversity. Since the principle of biodiversity conservation might be high priority there would be need to re-examine the existing wildlife protected areas and areas outside for inclusion.

Species Diversity

There are 8017 species of organisms that occur in Zambia. There are 316 endemic species, 174 rare species and 31 endangered species of plants and animals. These figures are seemingly underestimated in as much as knowledge about most species is incomplete.

Miombo woodlands and grasslands are ecosystems with the highest biodiversity while montane forests have the highest number of endemic woody plants. The diversity of ferns and orchids is correlated to ecosystem diversity of some invertebrates (arachnids and butterflies) and ferns show a south-north increase in relation to rainfall /moisture gradient.

There are approximately 598 species of micro-organisms, of which approximately 497 species of microorganisms have been listed in Zambia. These consist of 12 species of bacteria, 446 of fungi, 4 of protozoa and 35 of viruses. There are about 2032 species of invertebrates, 3774 species of both lower and higher plants, 409 species of fish, 733 species of birds and 224 mammal species.

The diversity of flora in Zambia has been estimated at 3788 species of which 211 species are endemic to Zambia, 418 are lower plants consisting of non-seed bearing plants namely Thallophyta (algae, fungi, lichens) and Bryophyta (ferns, horsetails, clubmosses), 3370 are higher plants consisting of seed bearing plants namely Gymnosperme (coniferales, genetales and cycadales) and Angiosperme (monocotyledons, dicotyledons and crops including vegetable species)

Ecosystems Diversity

³ Zambia biodiversity Strategy and Action Plan, 1999

Biological diversity is the variability among living organisms to include diversity within species, between species and ecosystems. Biodiversity can therefore be considered at ecosystem, species and gene levels. Much of the work on biodiversity in Zambia is at species level and to a limited extent on ecosystems. Consequently the country study when formulating Zambia's Biodiversity Strategy and Action Plan (BSAP) focused more at species and ecosystems levels.

Zambia has fourteen (14) ecosystems based on vegetation types. It also has fresh water aquatic ecosystems and entropic land cover types for different forms of agricultural land uses. The aquatic ecosystems consist of natural and man made lakes and the major perennial rivers.

Zambia is the wettest country in the Southern Africa in terms of fresh water wetlands. The sustainability of wetland resources is threatened essentially by lack of appreciation of their biological and economical values, the lack of coordination in the utilization of wetland services and the fragmented management

Agricultural and Livestock Biodiversity

Zambia has identified agricultural biodiversity as an important aspect upon which almost 1,000,000 households depend directly for their livelihood.

Agro-biodiversity is therefore used to refer to the variation between and within crop and livestock species. This diversity is affected by historical factors and differences in farming systems, agro-ecological and socio-economic conditions. The main categories of ecosystems in Zambia are forests, thickets, woodland and grassland.

There are about 100 cultivated plant species. There are also wild plant species related to cultivated crops and include wild relatives of rice (about five species), cowpea, sorghum, sesame and various cucurbits species. Crops with most significant genetic diversity include cowpea, bambara groundnuts and beans. Crop genetic diversity is high under traditional farming systems than commercial farming. The total diversity of domesticated animals is estimated at sixteen (16) species.

Fauna Diversity in Zambia

The diversity of Fauna has been estimated at 3631 species of which 204 species of fish and 200 species of birds are endemic in Zambia. About 76 species of birds are considered rare or endangered. The diversity of invertebrates is estimated at 2032 species, of these, the insect group is the most diverse followed by snails and roundworms. Grasshoppers are estimated at 172 species of which 27 are endemic to Zambia.

The diversity of fish has been estimated at 409, information on the endemism of species is poorly documented while data on rare and endangered species of fish is scanty and difficult to find. The diversity of amphibians has been estimated at 67 species, only *Hyperolius kachalolae* is known to be endemic. The diversity of reptiles is estimated at 150 species whilst that of birds is estimated at 733. About 100 species of birds are endemic in Zambia; 76 species are rare or occur infrequently. The diversity of mammals is estimated at 224 species. Twenty-eight of the species are considered as either endangered or vulnerable. The number of endemic species is not known.

Threats to Biodiversity

Biodiversity in Zambia is increasingly threatened by both human and natural factors. The major human threats are:

Human Actions:

Human Actions are threatening biodiversity in Zambia, as the population increases there is a demand to clear more areas for people to settle and the demand for livelihood especially for rural populations for plants and animals as a source of food increases. Conversion of forestlands to agriculture has also contributed to the depletion of some species. Species without an appreciable gene pool are threatened with extinction.

Over fishing and destructive practices in the major lakes and water ponds in Zambia and timber harvesting in the Western province greatly contribute to the depletion of biodiversity.

The Introduction of exotic species such as the Water Hyacinth and Carpfish threaten the existence of indigenous species in many water ponds in Zambia.

As a result of increased industrialization especially along the line of rail, there is an increase in effluent discharges that have polluted the rivers. The Kafue River is the most polluted, receiving effluent discharges from various activities including mining, manufacturing, and agricultural and sewage treatment plants threatening the flora and fauna in the river system. In addition, pollution of water systems has reduced invertebrate diversity. There is also an increase in aerial discharges of Sulphur dioxide resulting in acid rain. The local authorities lack capacity to manage domestic, industrial and hazardous waste.

Natural Factors:

The natural factors include **climate change** as a result of global warming which makes conditions unfavorable for some species and encourage the invasion of alien or invasive species displacing indigenous ones. Among such weeds are lantana camara, Kariba weed (salvinia molesta) and water hyacinth (Eichlornia crassipes).

Summary of Forestry and Biodiversity Conservation Activities in Zambia

The Government of the Republic of Zambia is supporting a fair amount of activities to protect biodiversity and tropical forestry in the country. Zambia Wildlife Authority has developed a five-year Strategic Plan (2003 – 2007) to which it is committed to implement. The plan attempts to address the challenges through a number of means, which would include a combination of adaptive management using the best industrial practices with appropriate deployment of staff for effectiveness and efficiency, decentralized budgetary and cost-control systems, strengthening of business management experiences and systems, building partnerships and developing a culture of customer-oriented service delivery.

The International Donors, the private sector, Non-Governmental Organizations (NGOs), and civil society groups have played and continue to play a key role in Zambia's biodiversity and tropical forestry conservation under various mechanisms. Below is a summary of the interventions:

World Bank:

As from year 2002, the World Bank started to substantially finance the proposed \$ 15 Million Biodiversity Project, which is aimed at revamping the conditions of Mosi-oa-Tunya and Kafue National Park. This will be achieved with the help of available funds in form of a grant from Global Environment Facility (GEF) and an advance from International Development Association (IDA) to the Government of Zambia. Currently the Project comprises the preparatory phase with funding support amounting to US\$ 500,000 for various studies, capacity building and emergency support for resource protection in Kafue and Mosi-oa-tunya National Parks

European Union:

A direct investment programme has been developed amounting to Euro 10 Million for resource protection. The European Union (EU) has also supported the transformations in ZAWA. In addition the European Union funded the consultancy for the development of the five year sector based strategic plan. The strategic plan provides a framework for effective management in the Conservation and Commercialization of the protected areas in Zambia. Furthermore, EU has also agreed to support resource protection in the Lower Zambezi NP and build the capacity of the new institution to implement the 5-year strategic plan. In 2002 the EU provided also provided Euro 350,000 for the village scouts programmes in 14 selected communities involved in wildlife management. The EU has also set aside about Euro 250,000 for emergency support to ZAWA.

United States Agency for International Development (USAID):

The USAID has been very supportive of natural resources conservation efforts in Zambia and has been the brain behind a lot of the programmes being undertaken currently. In spearheading these efforts the USAID contracted the Environment Conservation Association of Zambia in mid 1998 to perform a range of monitoring evaluation, adaptive research and impact assessment services for an initial period of one (1) year.

USAID in close collaboration with other stakeholders participated in the US\$ 224,527 ECZ/WRMU Project whose main deliverable was the Aerial Sample Survey of the Central Luangwa Valley, which covers South Luangwa National Park, Luambe National Park, Lupande Game Management Area, Part of Lumimba, Munyamadzi, West Petatuke, Sandwe and Part of Chisomo Game Management Area (GMA's) in 1999. USAID also supported CLUSA (Cooperative League of the United States of America) an NGO, in undertaking community based forest preservation programmes in the Eastern Province of Zambia. Specifically the projects were conducted in Chipata, Petatuke and Katete. In Southern Province USAID supported a Community-Based Natural Resources Management and Sustainable Agriculture (CONASA) programme for rural development seeking to improve the welfare of people living in and around protected areas (Kafue National Park) and ensure sustainability of natural resources utilization for future generations.

Norwegian Agency for Development (NORAD):

NORAD has been funding the management of the South Luangwa National Park and the surrounding Game Management Areas in particular, the Upper and Lower Lupande GMA for over 10 years. It also actively developed Community Based Natural Resources Management Programmes.

Canadian International Development Agency (CIDA):

CIDA is very instrumental in providing appropriate and meaningful environmental interventions. Most importantly it has long been recognized that the ECZ depends on the government for financing which is very irregular. CIDA has however been supporting ECZ for over ten (10) years and facilitated organizational design, establishment of the organization and formulation of its strategic plan.

CIDA is also involved in a joint venture with Zimbabwe in undertaking the strategic environmental assessment of the developments around the Victoria Falls. The project is called the Victoria falls Environmental Capacity Enhancement and Master Plan Project and has been running in Zimbabwe for the past two years and an extension to the Zambian side is being sought

CIDA is working in conjunction with International Centre for Research in Agro-forestry (ICRAF) at Msekera Research Station in the Eastern Province of Zambia promoting Agro-forestry as a vehicle for improved productivity, poverty alleviation and soil preservation. This is a regional project with total funding amounting to US\$ 9,348,228 (or Canadian \$ 14.8 million) of which

Zambia's benefit is a total of US\$ 2,779,203 (or Canadian \$ 4.4 million). The project was for an initial 5-year period.

The International Fund for Agricultural Development (IFAD):

The International Fund for Agricultural Development (IFAD) supports a multiplicity of projects in environmental conservation. Effective from June 2002 IFAD embarked on a massive US\$ 15.6 million Forest Resources Management Programme. IFAD is providing loan finance of up to US\$ 12.6 million while Germany Technical Aid to Zambia (GTZ) and Irish Aid will provide a grant amounting to US\$ 3 million. The programme is to run for six (6) years. The project purports to harness and develop forestry products.

World Wide Fund for Nature (WWF):

WWF have had a long-standing partnership with ZAWA. It has supported with technical and financial resources some wetlands programmes and various projects countrywide. Among the areas of support were the infrastructure development, law enforcement and community based natural resources management and planning initiatives. WWF has actively worked in Kafue flats and Bangweulu swamps

USAID/Zambia: Actions, Opportunities, and Threats

While the USAID/Zambia does not have a stand alone Environmental Strategic Objective (SO), it will, where possible, address tropical forestry and biodiversity needs in its other SOs. In addition, should additional resources be made available for these purposes, USAID/Zambia would consider funding additional activities (with agreement from the Zambian Government), some of which are identified below.

SO5: Increased Competitiveness of the Private Sector

Land use: USAID will as much as possible continue to support the application of conservation farming (minimum tillage) and the use of small-scale irrigation systems. This will increase productivity while contributing to decreased soil erosion, improved moisture retention and better aerated soils. Conservation farming techniques will be expanded by all present and future implementing partners that are/will be focusing on the production side of the value chain.

Charcoal production/Desertification: USAID may, if resources are made available continue to work with the Rural Electrification Working Group to encourage the expansion of the power grid into rural areas. As electricity (primarily hydro-generated) reaches more rural clients the demand for charcoal will diminish. Likewise, USAID may complementarily help promote reduced use of wood fuel through the use of fuel-efficient stoves for wood and charcoal using models that are culturally adaptable. Develop and promote low-cost alternative sources of energy (non-wood fuels).

Additional Opportunities for SO5

- Extension Services: Assist with organizing and training communities in preparing and maintaining community owned nurseries and fodder banks for supplying planting materials; managing wood lots; and promoting sustainable utilization of these resources.
- Trade Competitiveness: Zambia's emphasis on expanded trade offers an opportunity to include environmental issues as one of the key elements contributing to competitiveness and productivity. This is an area that USAID can promote within the spheres of the GRZ.
- Lilayi Housing Project: USAID/Zambia may take advantage of the just approved Lilayi Housing Program to ensure that recommendations and follow up actions called for under

the Environmental Impacts Assessment are effectively taking place and that environmentally sound technologies and practices are implemented during this major housing project. USAID/Zambia may need to support environmental assessment training and technical assistance for staff of partners in Small and Medium Enterprise development, including communal areas targeted by SO5. This will lead to best practice being institutionalized, and the internalization of environmental screening and review that is consistent with Zambia's Environmental Impacts Assessment Policy and with USAID environmental procedures and requirements.

SO6: Improved Quality of Basic Education for more School-Aged Children (Phase 2)

Where appropriate, this Strategic Objective may support environmental awareness and sensitization programs in schools.

Additional Opportunities for SO6

Should additional resources become available, USAID/Zambia may find it strategically attractive to (after discussions with the Zambian Government) including some of the following activities into this program: Incorporate environmental awareness into the curriculum, and train teachers on conservation and biodiversity modules

SO7: Improved Health Status of Zambians and SO9: Reduced HIV/AIDS Transmission and Impact through Multisectoral Response

- Our review of the GRZ legal and policy frameworks revealed that Zambia does not currently have a very distinct and effective Policy on bio-medical waste management. This clearly poses a danger to the physical environment and human welfare. Although the Mission may not directly cause the generation of the waste, the Mission should, nevertheless, look for opportunities to assist the Zambian government in addressing this issue.
- Because the nutritional needs of many rural poor people, especially around National Parks and their surrounding areas, are met in part through forest harvests such as fruits and mushrooms, and wild game meat, conserving natural resources will help maintain food security and dietary diversity, thereby contributing to improved nutritional status of these populations.

Additional Opportunities for SO7&9

- Provide continued support to implementation of the recently developed National Infection Prevention Guidelines, which codify procedures for all levels of the health system for handling medical waste up to the point of incineration or appropriate burial. Assist in incorporating these guidelines into health worker training and supervision and as part of quality assurance programs.
- The Avian Flu is becoming a major pandemic that would affect terribly the poorest in Africa. USAID/Zambia may be asked to support programs that would address or mitigate the effects of this pandemic. If that is the case, USAID/Zambia would ensure that the activities minimize any adverse environmental impacts and reduce human exposure to the pandemic.
- USAID/Zambia may need to support HIV/AIDS and natural resources activities that would provide HIV/AIDS vulnerable and affected populations with improved access to water, energy, and low labor intensive agricultural technologies.

Possible Threats from USAID programs and Mitigation Measures

Although most of the activities that will be implemented under this new strategy are currently being implemented under approved IEEs, some of them, however may still have direct or indirect negative impacts on the biophysical environment. To minimize and mitigate such possible impacts to the environment, all activities will be subject to an environmental review as required under USAID Title 22 of the Code of Federal Regulations Part 216 (22CFR216). As such, an Initial Environmental Examination (IEE) will be completed for each Strategic Objective in FY2006.

Under SO5, “Increased Competitiveness of the Private Sector” some activities may have negative impacts on the environment and human welfare. To the extent that USAID/Zambia will continue to support coffee production and marketing, one possible threat to the environment resides in the washing of coffee, which is a critical feature for maintaining quality to the final drying and roasting phases.

- **The environmental aspects of coffee washing** involve high water requirements for the mechanics of washing and fermentation, generation of substantial quantities of pulp waste, and discharge of washing and fermentation water, which are all accentuated when production is concentrated at washing stations.

This can however be mitigated by screening pulp from entering receiving waters and enhance oxygenation of receiving waters. Perking fields for fermentation water should be established on permeable and well-drained soils outside of floodplains if possible. The use of “reconstructed” wetlands for rapid uptake of nutrients and carbohydrates is an option that could be investigated by USAID.

- **Support development of new and expanded markets:** again, such activities would be subject to USAID initial environmental examinations (IEEs) to determine potential environmental impacts and the need for full environmental assessments and/or mitigating actions. These review procedures will ensure that precautions are taken to prevent and/or limit potential damage to tropical forests, biodiversity, and the general natural environment.
- **Natural Products:** Environmental concerns could arise from unsustainable harvesting of forest products like honey, mushroom, medicinal plants and essential oils.
- **Private sector commercial trading expansion and business development** that will be promoted under SO5 could lead to environmentally destructive and unsustainable expansion of services, and activities into previously pristine natural forests and woodland areas.

This can be mitigated by supporting environmentally friendly national, provincial, and district level development planning institutions and build their capacity to help avoid such negative outcomes. Eco-labeling and “green” sourcing requirements may provide incentives for Zambian exporters to build environmental management capability and to “green” their production processes to increase and maintain their level of access to western markets.

Activities under SO7 and SO9 for Health interventions, have the potential to negatively affect the environment if Best management Practices are not implemented. For example:

- Immunization programs and some HIV/AIDS treatments interventions will need to address potential for biohazards and proper disposal of hazardous waste;

- Direct funding or provision of Insecticide Treated Bednets (ITN) will need to comply with the recommendations made under a Programmatic Environmental Assessment (PEA) conducted in 2002 for USAID Africa Bureau ITN programs and approved Zambian Pesticide Evaluation Report and Safer Use Action Plan (PERSUAP).
- For activities under other SOs that are not fully developed, an Environmental Screening Form can be used to determine the appropriate extent and type of Environmental Assessment. Proposed projects will be classified into one of three categories, depending on the type, location, sensitivity, and scale of the project and the nature and magnitude of its potential environmental and social impacts. The IEE will lay out measures to help mitigate possible negative environmental impacts. All activities should be designed to be environmentally sound and to adhere to Zambian rules and regulations. Where possible, USAID should promote sound environmental practices through all of its programs, including those projects that involve Global Development Alliances, and Development Credit Authority.

Conclusion

Zambia, as a developing nation, is faced with a serious environmental threat- the destruction of forests, soil degradation, disappearance of wetlands, drying up of aquifers and general biodiversity loss. The danger is emanating from a combination of degradation of local ecosystems and habitat depletion. Massive injection of resources in the preservation of these natural resources is an objective necessity. In addition involvement of communities in which these are found in concentration marks the importance of ensuring that resource conservation takes place within the normal rhythm day-to-day life of the communities. This also ensures internalization of ownership and commitment to ensuring that the resources are secured against any adversity.

With the scarcity of true environmental funding, USAID/Zambia strives to do its utmost to incorporate activities across its strategic objectives that address the threats to tropical forestry and biodiversity as outlined in the analysis. To the extent that additional funding becomes available, USAID/Zambia would consider supporting additional programs that are consistent with the GRZ's objectives.